

Construction Grant-In-Aid Program

Department of Health and Social Services – Program 9

I. PROGRAM OBJECTIVES

The objective of the construction grant-in-aid program is to carry out legislative intent in appropriating grant funds for the acquisition, construction, repair, outfitting and equipping of various health and social services facilities throughout Alaska.

II. PROGRAM PROCEDURES

Capital construction grants are appropriated on a non-lapsing basis to the Department of Health and Social Services from the general fund, from Mental Health Trust Authority Authorized Receipts, or from Alaska Housing Finance Corporation Authorized Receipts, which may be authorized during each legislative session, in accordance with Alaska Statutes (AS) 37.25.020.

Some appropriations are for named recipient grants under AS 37.05.316, although fewer named recipient grants have been appropriated in recent years (with more reliance on the Community Matching Grant Program administered by the Department of Community and Economic Development). Other grants from funds appropriated to the Department are awarded on a competitive basis for purposes consistent with the specific appropriation. These grant funds are appropriated and granted under specific authorization provided in various other statutory provisions, including AS 18 and AS 47. Appropriated funds are administered and distributed by the Division of Administrative Services through a detailed application, proposal review, and monitoring process to various local governments and/or nonprofit organizations engaged in the delivery of human services to Alaskans. Stringent cash flow control is maintained throughout the life of each project and a formal close-out process is initiated when the project has been completed.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED AND UNALLOWED

Compliance Requirement

The adoption of regulations for named recipient grants under AS 37.05.316 is expressly prohibited by AS 37.05.318. Furthermore, because of the infrequency of their applicability as authorization for construction grants, no specific regulations have been promulgated or adopted for such grants made

under the various provisions of AS 18, AS 47, or any other specific statutory provisions. Consequently, it is necessary to negotiate various compliance details into specific grant agreements. However, for competitive grants, the general grant regulations, 7 AAC 78, adopted by the Department, when applicable and appropriate to capital grants, guide our grant administration, procedures, along with provisions of requests for proposals and of specific grant agreements.

Suggested Audit Procedures

- Review enabling legislation;
- Review:
 1. Grant agreement, contract, or final Notification of Grant Award (NGA) including all conditions;
 2. Grant agreement amendments and related transmittal letters;
 3. Licenses, certifications, approvals, status of private nonprofit corporation if applicable; and
 4. Budget documents including final revised budget and budget narrative.
- For competitive grants:
 1. Review compliance with Request for Proposals and applicable sections of 7 AAC 78;
 2. **Determine whether the project is supporting the program as described in the Grant Agreement and agency's proposal;**
 3. Test financial and related records to determine that funds expended were for purposes specified in the grant agreement;
 4. Determine whether expenditures are within the budget limits prescribed in the grant agreement; and
 5. Review payment schedules to ensure that negotiated cash flow conditions are being met by both parties.

Compliance Requirement

Grant or earnings from a grant may not be used for the purpose of influencing legislative action or for travel in connection with influencing legislation.

Suggested Audit Procedures

- Review AS 37.05.321 to determine restrictions on use of grant funds; and
- Test financial and related records to determine that grant funds are not being used to influence legislature as defined in AS 37.05.321.

B. ELIGIBILITY

Compliance Requirement

The agency must be a nonprofit or a political subdivision of the state meeting the requirements of enabling legislation.

Suggested Audit Procedure

- Review articles of incorporation or other appropriate documentation, licenses, certifications and approvals to determine status of agency.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS.

Compliance Requirements

There are no matching or level of effort requirements, unless specified in the enabling legislation, Request for Proposals, or grant agreement.

Suggested Audit Procedures

- Review enabling legislation and grant agreement to determine whether or not the recipient must meet matching requirements; and
- Test financial and related records to determine whether matching requirements, if any, are met.

D. REPORTING REQUIREMENTS

Compliance Requirement

The agency must submit activity and expenditure reports as required by the terms of the grant agreement.

Suggested Audit Procedures

- Review grant agreement to determine reporting requirements;
- Confirm if such reports are being filed timely;
- Confirm that reported revenues and expenditures agree with the agency's general ledger; and
- Confirm that expenditures are within the budget limits or contract provisions.

Compliance Requirement

Agency audited financial statements must present a statement of revenue and expenditures for each state grant agreement. Such statement must show, for each state fiscal year grant, the final approved budget by line item category, actual revenues and expenditures and variance between budgeted and actual revenues and expenditures. Disallowed or questioned costs must be clearly disclosed.

Suggested Audit Procedure

- Review audited financial statements for compliance with above.

Compliance Requirement

The agency must clearly show on their audited financial statement any outstanding liability to the state as payable to the state. This includes unspent grant funds or disallowed costs.

Suggested Audit Procedures

- Determine whether or not the agency has any outstanding liability to the state; and
- Review audited financial statements to ensure proper presentation.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

The agency must act upon any recommendations made by program site review.

Suggested Audit Procedures

- Obtain copy of program site review; and
- Determine if recommendations in the site review are being implemented.

Modified 5/02